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Package Deal

Q: Are these three sales considered a "package deal?" What are the implications of linking the three sales together?

A: The sales are considered a package because they are mutually reinforcing in that, taken together, they will contribute to the peace process and add stability to the region.

Because of the implications for the regional arms balance and the impact of the dollar magnitude of the sales on the Administration's global arms transfer ceiling, it was appropriate that we consider them as a unit. Once we had reached our decisions on the sales, it made sense to submit them at the same time to Congress in order that the Members could have the same opportunity to evaluate the impact of the sales on the regional balance and the security of the countries concerned.

(If asked) We hope that Congress will consider the package positively. Should one or more of the sales be rejected or delayed, the only course open to us would be to withdraw the package.

SINAI II AGREEMENT

Q. The Administration has linked Israel's security needs to the willingness of Congress to approve the sales to Saudi Arabia and Egypt. Yet we made a commitment in the Sinai II Agreement to provide Israel with the F-16s it requires. Isn't there a difference in the quality of that commitment and the promises we made to the Arabs? Didn't we ask the Israelis to take a specific risk with their security, promising aircraft in return? We have no similar arrangement with the Arabs?

A. Sinai II represented a reaffirmation of our commitment to Israel's security. In that context, F-16s were not a quid for Israeli flexibility but were cited as illustrative of the kind of equipment we would be willing to supply. There were no commitments as to specific numbers of aircraft or as to timing of deliveries.

We have studied the military requirements for an adequate defense in each of these three countries and the military balance and determined that the numbers of planes we propose for sale meet valid needs and do not upset the basic balance.

In our judgment the security of Israel will not be jeopardized by any element of our package proposal. Israel will retain its substantial margin of air superiority into the 1980s.

Arms Restraint Policy

Q. Do these sales square with the President's policy of restraint in arms transfers and his recently announced plan to limit sales in 1978?

A. Yes. The President's policy anticipates a need to continue to make sales of major weapons systems in support of U.S. national security interests and the national security needs of our friends and allies. Aircraft with significantly higher combat capabilities are not being introduced into the Middle East and, as these sales are to be made over a period of years, they will not breach the Fiscal 1978 ceiling established by the President. Arms sales this fiscal year will be reduced by 8% or $740 million below last year.

As the President stated on May 19, we will "honor our historic responsibilities to assure the security of the state of Israel." The sale of F-15 and F-16 aircraft to Israel is entirely consistent with that longstanding commitment.

Since WW II we have assisted Saudi Arabia in the development of its armed forces and the Saudis rely heavily on our help. As you know, the Saudi role in promoting a Middle East peace settlement and in cooperation with the U.S. on energy and financial matters is of fundamental importance to us. The sale of F-15s to Saudi Arabia will help give that nation an adequate air defense system which it needs to ensure its security.

The Egyptian role is crucial to the achievement of a just and lasting peace settlement. Since the USSR's termination of its military relationship with Egypt about two years ago, the Egyptians have had to look to other sources for their defense requirements. The sale of F-5s to Egypt will bolster that nation's confidence in its ability to defend itself.

President's Commitment to Arms Reduction

Q: Is the President committed to the continuation of an annual reduction in arms sales to non-exempt nations, at least during the remainder of his first term?

A: In his statement of February 1, the President announced that the ceiling for FY 1978 would be $8.6 billion. As to the future, he said, "I intend to make further reductions in the next fiscal year. The extent of next year's reduction will depend upon the world political situation and upon the degree of cooperation and understanding of other nations."

Impact on Ceiling

Q: How close will these sales take us to the ceiling for fiscal 1978?

A: The ceiling for FY 1978 is $8.6 billion. Under our ceiling management plan, we estimated a discretionary balance of approximately $3.3 billion. (This estimate assumes that all AWACS LOAs will be signed in FY 1978 and sets aside ceiling dollars for significant sales previously approved by Congress but not signed by October 1, 1977, for cases involving major follow-on support and for small miscellaneous cases.) We estimate that about $2.2 billion in LOAs will be signed for the Middle East aircraft package. This leaves a little over $1 billion for other Foreign Military Sales.

Other Sales This FY

Q. Does the Administration plan to send Congress any more major sales this year? What about sales to Iran?

A. We do not anticipate proposing any other multi-billion dollar sales this year. We will, of course, present 36(b) notifications for a number of sales of a smaller magnitude.

We do not anticipate proposing sales in the billion dollar category this year to Iran.

Timing of LOAs

Q: How would these sales, and components of these sales, be spread during the next few fiscal years?

A: Our plan is to have Letters of Offer valued at about $2.2 billion signed in FY 1978 and $1.3 in FY 1979. The remaining Letters of Offer will be signed in later fiscal years.

Numbers of Aircraft

Q. Why were the sales to Egypt and Israel reduced below the number of aircraft requested, but Saudi Arabia was given the exact number it sought?

A. Israel requested 150 F-16s and the Administration is proposing 75; Egypt requested 120 F-5s, and the sale of 50 is proposed. Saudi Arabia's request for 60 F-15s was met.

Each of the sales is based on an analysis of the country's valid air defense requirements and our desire not to upset the regional balance.

Saudi Arabia is phasing out its aging Lightning aircraft and needs a modern air defense capability to meet the threat of the 1980s and 1990s. The Saudi F-5s have only limited range and radar coverage and no all-weather capability; their IHAWK and ground radar system does not give full coverage. The principal potential threat to Saudi Arabia is Iraq, armed mainly by the Soviet Union and rapidly developing one of the largest and best equipped armed forces in the Middle East. To mention only aircraft, during the 1980s Iraq is expected to have some 270 air defense interceptors (MIG-21s, MIG-23Es and Mirage F-1s); approximately 140 first-line fighter bombers (MIG-23Fs, SU-20Cs, SU-22Ds) and about 20 medium bombers (TU-16s and TU-22s). Saudi Arabia, at the same time, will have, if the F-15 sale is approved, 60 F-15s and 107 F-5Es.

The sale of F-5s to Egypt will assist in building a modern air defense force. Egypt's Soviet-origin planes are progressively ineffective owing to the termination in the Soviet supply of spares and equipment two years ago. Egypt has renounced war with Israel, but faces a continuing active threat from Soviet-supplied Libya.

Israel is acquiring F-16s and more F-15s to add to its combat air force of Mirage, A-4, Kfir and F-4 aircraft. These planes give Israel a considerable margin of air superiority over its Arab neighbors now and for the foreseeable future. But replacement aircraft will be necessary and the F-15s and F-16s will assure that Israel's force retains the edge in combat aircraft technology.

Training and Technical Support

Q: What U.S. training and technical support will be needed in each case, and for how long? What training and support commitments have already been made to the three countries? Have we analyzed our long term ability to meet these commitments without creating manpower or technical shortages in the U.S.?

A: Israel F-15: Only a minimum of additional maintenance training will be required. Technical support is currently being provided under the current Israeli F-15 FMS program and it is expected that approximately 15 man-years additional technical support will be required. No training or support commitments have been made.

Israel F-16: There have been no training or support commitments made to Israel for the F-16. Training and technical support requirements will be established in consultation with the Israelis at a later date. Tentatively, we estimate that two Weapon System Logistics Officers will be needed for three years and 24 man-years of contractor engineering technical services will also be required.

Saudi Arabia F-15: An initial cadre of RSAF technicians and pilots will be trained in the U.S. prior to the arrival of F-15s in Saudi Arabia. The exact requirement for training and technical support in Saudi Arabia by contractor personnel will be determined by a site survey. We estimate on a preliminary basis that approximately 40 USAF personnel will be assigned to program management responsibilities in Saudi Arabia. The number of contractor personnel estimated

for initial introduction of the F-15 should be 500-600 personnel at peak employment two years after the Saudis receive the first aircraft in Saudi Arabia. No commitments have been made, however.

Egypt F-5: While this program has not yet been fully defined, the following support is being programmed. The estimated U.S. Government involvement will be a management and training supervision team consisting of approximately 10 individuals for a period of two years. Thereafter, USG program management and assistance would scale down to a three man effort for 3-5 additional years. Contractor involvement would begin with a three part effort: a maintenance technician team; a training team; and a contractor engineering technical services team. The maintenance technician team would consist of approximately 10 technicians who would help maintain the F-5 aircraft for the initial 18-24 month period or until self-sufficiency is attained. The contractor training team as presently envisioned would consist of approximately 12 individuals who would be responsible for some aircrew and technicial training in Egypt for a period of approximately one year. The contract engineering technical service team will consist of approximately nine specialized engineers who will be on site to assist the Egyptian Air Force as necessary. They would remain in Egypt for at least 3-5 years with the number of specialists decreasing gradually until no longer required. No training